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Renrui Human Resources Technology Holdings Limited

人瑞人才科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6919)

POSSIBLE VERY SUBSTANTIAL DISPOSAL

POTENTIAL DISPOSAL OF ENTIRE EQUITY INTERESTS IN A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

ASSET PURCHASE AGREEMENT

The Board announces that on 30 December 2024, the Potential Seller (an indirect wholly-owned subsidiary of the Company) and the Potential Buyer entered into the Asset Purchase Agreement, pursuant to which the Potential Seller conditionally agreed to sell, and the Potential Buyer conditionally agreed to buy, the Target Interest.

The Consideration payable by the Potential Buyer is to be determined with reference to the appraised value of the Target Company, subject to negotiation by the Parties.

A Supplemental Agreement setting out the finalized Consideration and other terms and conditions supplementing the Asset Purchase Agreement will be entered into by the Parties upon completion of the valuation and audit of the Target Company. The Asset Purchase Agreement as supplemented and amended by the Supplemental Agreement shall constitute the Formal Agreement setting out terms and conditions governing the sale of the Target Interest by the Potential Seller to the Potential Buyer.

Subject to the entry into of the Supplemental Agreement, upon Completion of the Potential Disposal, the Potential Seller would have no interest in the Target Company, which would cease to be a subsidiary of the Company and the financial results of the Target Company would cease to be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Potential Disposal is expected to exceed 75%, the Potential Disposal, if materialize, will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Potential Disposal and therefore, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Formal Agreement and the transactions contemplated thereunder.

An announcement containing, amongst other things, details of the Supplemental Agreement will be published by the Company when the Supplemental Agreement has been finalized and entered into by the Parties.

A circular containing, amongst other things, (i) further details of the Potential Disposal; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the EGM to approve the Formal Agreement and the transactions contemplated thereunder, will be despatched to the Shareholders in due course.

Completion of the Potential Disposal is subject to the entry into of the Supplemental Agreement and fulfilment of certain conditions precedent and terms of the Formal Agreement, and therefore, may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board announces that on 30 December 2024, the Potential Seller (an indirect wholly-owned subsidiary of the Company) and the Potential Buyer entered into the Asset Purchase Agreement, pursuant to which the Potential Seller conditionally agreed to sell, and the Potential Buyer conditionally agreed to buy, the Target Interest.

ASSET PURCHASE AGREEMENT

- Date** : 30 December 2024
- Parties** : (1) the Potential Buyer (as buyer)
(2) the Potential Seller (as seller)
- Subject matter** : Subject to the terms of the Asset Purchase Agreement, the Potential Seller agreed to sell, and the Potential Buyer agreed to buy, the Target Interest, being the entire equity interests held by the Potential Seller (i.e. 46.0%) in the Target Company.
- Consideration** : The Potential Buyer shall commission a qualified institution to conduct valuation of the Target Company. The Consideration payable by the Potential Buyer is to be determined with reference to the appraised value of the Target Company, subject to negotiation by the Parties. The finalized Consideration shall be set out in the Supplemental Agreement.
- Payment terms** : The payment terms are subject to further negotiation by the Parties and shall be set out in the Supplemental Agreement.
- Condition precedent to the Completion** : Conditions precedent to the Completion are subject to further negotiation by the Parties and shall be set out in the Supplemental Agreement.
- Profit and loss during the period** : The arrangement for attribution of the profit and loss of the Target Company from the Valuation Date (exclusive) to the Completion Date (inclusive) is subject to further negotiation by the Parties and shall be set out in the Supplemental Agreement.

**Transitional
arrangement**

: During the period from the date of the Asset Purchase Agreement to the Completion Date, unless provided otherwise, the Potential Seller shall procure the Target Company to maintain its ordinary course of business, and shall maintain and protect the Target Company's assets, rights, goodwill, and relationships with third parties (including but not limited to suppliers and customers). The Potential Seller shall not procure the Target Company to perform certain corporate actions outside ordinary course of business, including but not limited to change in shareholding structure, distribution of dividends, creation of encumbrance on assets, provision of financial assistance, commencement or withdrawal of major litigations or arbitrations which may lead to actual loss or liability of the Target Company, investment in third parties and disposal of asset with a value of RMB500,000 or above, or any other action that will have or may potentially have adverse effect on the Potential Disposal or on the operation and business of the Target Company.

Contingent liability

: The arrangement for compensation and accountability for liabilities, losses or damages incurred by the Target Company as a result of events occurred prior to the Completion is subject to further negotiation by the Parties and shall be set out in the Supplemental Agreement.

Effectiveness

: Clauses in relation to transitional arrangement, tax liability, effectiveness, default liability, force majeure, severability, dispute resolution, notice, confidentiality and other boilerplate clauses shall take effect upon signing of the Asset Purchase Agreement, while the remaining clauses shall take effect upon satisfaction of the following conditions:

- (i) approval and consent from the board of directors and shareholders of the Potential Buyer in relation to the Potential Disposal has been obtained;
- (ii) approval and consent from the Board and the Shareholders in relation to the Potential Disposal has been obtained; and
- (iii) the antitrust approval in relation to the Potential Disposal has been granted by the SAMR (if applicable).

If any of the aforementioned conditions is not satisfied within 270 days from the date of the Asset Purchase Agreement, all provisions under the Asset Purchase Agreement which have already come into effect shall become invalid and cease to have effect on both Parties, unless otherwise agreed or postponed by the Parties.

Default liability : Where the relevant provisions have become effective, a breach of the Asset Purchase Agreement occurs when either Party fails to perform or fully perform its obligations under the Asset Purchase Agreement, or violates the representations and warranties made by it under the Asset Purchase Agreement, or representations and warranties made by it are inconsistent with the facts or are incomplete. The liability to be borne by a Party for breaching the Asset Purchase Agreement is subject to further negotiation by the Parties and shall be set out in the Supplemental Agreement.

A Supplemental Agreement setting out the finalized Consideration and other terms and conditions supplementing the Asset Purchase Agreement will be entered into by the Parties upon completion of the valuation and audit of the Target Company. The Asset Purchase Agreement as supplemented and amended by the Supplemental Agreement shall constitute the Formal Agreement setting out terms and conditions governing the sale of the Target Interest by the Potential Seller to the Potential Buyer.

INFORMATION OF THE PARTIES

Information of the Potential Seller and the Group

The Group is a fast-growing pioneer in the human resources solutions sector of the PRC, primarily engages in the provision of comprehensive flexible staffing services, professional recruitment, and other human resources solutions. The Group has reinvented traditional human resources services with comprehensive digital and cutting-edge technology. Its one-stop ecological system not only allows the Group to serve its customers across the PRC, but also effectively solves the challenges of fast recruitment in mass quantities in the PRC. Relying on the professional staff management, project management and extensive recruitment capabilities of the Group, the professional services of the Group can be quickly expanded to more industries. Currently, the Group operates more than 90 subsidiaries and branch offices across the PRC with business coverage in over 300 cities.

The Potential Seller is an indirect wholly-owned subsidiary of the Company and the principal activity of the Potential Seller is investment holding.

Information of the Potential Buyer

The Potential Buyer is a company established under laws of the PRC on 17 June 1991 and listed on the Shanghai Stock Exchange (stock code: 600718). The Potential Buyer primarily engages in the provision of information technology services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, except that (i) the Potential Buyer is held by Neusoft Holdings, which holds 43.0% of the equity interests in the Target Company and therefore a connected person of the Company at the subsidiary level, as to approximately 14.5% of its equity interests; (ii) one director of Neusoft Holdings acts as director of the Potential Buyer, one director of Neusoft Holdings acts as supervisor of the Potential Buyer and one supervisor of Neusoft Holdings acts as supervisor of the Potential Buyer; and (iii) one director of the Potential Buyer indirectly holds less than 6.0% interest in Tianjin Ruiyi, which holds 11.0% of the equity interests in the Target Company and therefore a connected person of the Company at the subsidiary level, the Potential Buyer is independent from the Company and its connected persons.

Information of the Target Company

The Target Company is a company established under laws of the PRC on 7 November 2013. The Target Company is an information technology and software service provider committed to providing digital transformation and information technology services to customers.

As at the date of this announcement, the Target Company was held as to 46.0% by the Potential Seller, 43.0% by Neusoft Holdings and 11.0% by Tianjin Ruiyi. Subject to the entry into of the Supplemental Agreement, upon Completion of the Potential Disposal, the Potential Seller would have no interest in the Target Company, which would cease to be a subsidiary of the Company and the financial results of the Target Company would cease to be consolidated into the Group's financial statements.

Financial Information of the Target Company

Set out below is the unaudited consolidated financial information for the two years ended 31 December 2022 and 31 December 2023 of the Target Company prepared in accordance with the HKFRS:

	Year ended 31 December 2023	Year ended 31 December 2022
	<i>RMB (million)</i>	<i>RMB (million)</i>
Revenue	941.6	904.7
Profit (before taxation)	60.8	42.6
Profit (after taxation)	60.1	38.9

The unaudited consolidated net asset value of the Target Company as at 30 June 2024 prepared in accordance with the HKFRS amounted to RMB322,451,079.

FINANCIAL EFFECT OF THE POTENTIAL DISPOSAL

Since the Consideration is yet to be determined, the financial effect of the Potential Disposal to the Group is not available as at the date of this announcement. The details of the gain or loss expected to accrue to the Company and the basis for calculating such gain or loss will be disclosed in the announcement to be published upon entry into of the Supplemental Agreement.

USE OF PROCEEDS

The Group intends to use the net cash proceeds as general working capital for the daily operation of the Group, development and expansion of the Group's digital technology and cloud services business and implementation of the Group's future global expansion strategies.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The reasons for and benefits of the Potential Disposal are as follows:

- (i) the original acquisition of 46.0% equity interests in the Target Company in 2022 was conducted with a view to accelerating the Group's expansion in the information technology and software outsourcing services industry and facilitating the Group's strategic upgrade. By absorbing and integrating the Target Company's technical expertise, successful bidding cases and service experience in the past two years, the Group has quickly

established its own service capabilities in the provision of information technology and software outsourcing services. By leveraging the Target Company's expertise in sales and customer service in the finance, advanced manufacturing and high-tech industries, the Group has also expanded its customer base of information technology and software outsourcing services to include customers in various industries, such as new energy, telecommunication and automobile sectors. As a result, the revenue generated from the organic growth of the digital technology and cloud services business of the Group increased from approximately RMB288.1 million in 2022 to approximately RMB810.9 million in 2023, representing an increase of approximately 181.5%. In the first half of 2024, the revenue generated from the organic growth of the digital technology and cloud services business of the Group amounted to approximately RMB522.8 million, increasing by approximately 82.4% compared to the first half of 2023, which surpassed the revenue contributed by the Target Company to the digital technology and cloud services business in the first half of 2024, being RMB425.4 million. Therefore, the Board believes the Company has already developed its own service capabilities and customer coverage in the information technology and software outsourcing services industry, and the Potential Disposal would not have a significant adverse impact on the Group's future development in the information technology and software outsourcing services industry;

- (ii) based on the Target Company's recent operating results and cash flow with reference to the Group's financial budget, its financial performance and business growth could not meet the Group's expectation, and the revenue growth rate of the Target Company was much lower than that of the Group's organic growth of the digital technology and cloud services business; and
- (iii) taking into account the Group's current working capital and gearing ratio, the Potential Disposal is able to enhance the Group's cash reserve, improve the gearing ratio, and provide funds to continue the Group's rapid organic growth in digital technology and cloud services business and to implement the Group's future global expansion strategies.

In light of the above, the Directors are of the view that the Asset Purchase Agreement was entered into on normal commercial terms, and the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the Asset Purchase Agreement and the Potential Disposal, no Director is required to abstain from voting on the relevant Board resolutions for approving the Asset Purchase Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Potential Disposal is expected to exceed 75%, the Potential Disposal, if materialize, will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Potential Disposal and therefore, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Formal Agreement and the transactions contemplated thereunder.

An announcement containing, amongst other things, details of the Supplemental Agreement will be published by the Company when the Supplemental Agreement has been finalized and entered into by the Parties.

A circular containing, amongst other things, (i) further details of the Potential Disposal; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the EGM to approve the Formal Agreement and the transactions contemplated thereunder, will be despatched to the Shareholders in due course.

Completion of the Potential Disposal is subject to the entry into of the Supplemental Agreement and fulfilment of certain conditions precedent and terms of the Formal Agreement, and therefore, may or may not materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the followings meanings:

“Asset Purchase Agreement”	the asset purchase by cash consideration agreement dated 30 December 2024 entered into by the Potential Seller and the Potential Buyer in relation to the Potential Disposal
“Board”	the board of directors of the Company
“Company”	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6919)
“Completion”	completion of the Potential Disposal in accordance with the terms and conditions of the Formal Agreement
“Completion Date”	date of the Completion
“Consideration”	the consideration payable by the Potential Buyer to the Potential Seller for the Target Interest
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Formal Agreement and the transactions contemplated thereunder
“Formal Agreement”	the Asset Purchase Agreement as supplemented and amended by the Supplemental Agreement
“Group”	the Company together with its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司), a company established under laws of the PRC on 15 November 2011
“Parties”	parties to the Asset Purchase Agreement, i.e. the Potential Buyer and the Potential Seller; and a “Party” refers to either of the Parties
“percentage ratio”	shall have the meaning under Rule 14.04(9) of the Listing Rules
“Potential Buyer”	Neusoft Group Co., Ltd.* (東軟集團股份有限公司), a company established under laws of the PRC on 17 June 1991 and listed on the Shanghai Stock Exchange (stock code: 600718)
“Potential Disposal”	the proposed sale of the Target Interest by the Potential Seller to the Potential Buyer
“Potential Seller”	Shanghai Ruiying Human Resources Technology Group Co., Ltd.* (上海瑞應人才科技集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	the State Administration for Market Regulation of the PRC (中國國家市場監督管理總局)
“Shareholder”	holder of the ordinary shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement”	a supplemental agreement setting out the finalized Consideration and other terms and conditions supplementing and amending the Asset Purchase Agreement to be entered into by the Parties
“Target Company”	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司), a company established under laws of the PRC on 7 November 2013, including its subsidiaries as the context requires
“Target Interest”	46.0% of the equity interests in the Target Company held by the Potential Seller
“Tianjin Ruiyi”	Tianjin Ruiyi Enterprise Management Consulting Center (Limited Partnership)* (天津芮屹企業管理諮詢中心(有限合夥)), a limited partnership established under laws of the PRC on 27 August 2020
“Valuation Date”	the benchmark date for determining the appraised value of the Target Company as adopted by the valuer
“%”	per cent

** If there is any inconsistency between the Chinese names of the PRC entities, enterprises or nationals and their English translations in this announcement, the Chinese names shall prevail. The English translation of the PRC entities, enterprises or nationals marked with “*” are for identification purpose only.*

By order of the Board
Renrui Human Resources Technology Holdings Limited
Zhang Jianguo
Chairman and Chief Executive Officer

The PRC, 30 December 2024

As at the date of this announcement, the Board comprises Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei as executive Directors; Mr. Chen Rui as non-executive Director; and Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu as independent non-executive Directors.